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AMERICA'S LEGISLATORS BACK TO SCHOOL WEEK September 15-19, 2003

Montana's Senate and House leadership invite all Montana legislators to join their counterparts throughout the nation in *America's Legislators Back to School Week*, September 15-19, 2003. This program gives lawmakers in all 50 states the opportunity to meet personally with their young constituents and to answer questions, share ideas, listen to concerns, and impart a greater understanding of the legislative process.

Sponsored by the National Conference of State Legislatures (NCSL), the program is designed to teach young people -- the nation's future voters and leaders -- what it's like to be a state legislator: the processes; pressures; and the debate, negotiation, and compromise that are the very fabric of representative democracy. It also focuses state legislators on civic education during the same week all across the country, building personal links between schools and legislators and providing legislators an opportunity to observe what is going on in schools.

Although the third week of September has been designated as *America's Legislators Back to School Week*, lawmakers are encouraged to schedule a visit to their schools at a different time if it is more convenient. Legislators visiting Montana's classrooms is what's important, regardless of when it takes place.

To assist legislators in participating in the Back to School Week program, NCSL has prepared resource materials including talking points about the legislature and the legislative process and suggestions for age-group appropriate activities with students. Follow-up materials produced for teachers to use in the classroom include a student booklet and video titled "Your Ideas Count". These materials, plus other assistance for Montana legislators, are available through the Montana Legislative Services Division.

To date, about 40 Montana legislators have signed up to participate in Back to School Week this year. Additional information about the program will be sent to these legislators in the upcoming months.

If you would like to participate in the Back to School Week program and have not yet signed up, please contact Krista Lee Evans at (406) 444-1640 or kevans@mt.gov, or Lois Menzies at (406) 444-3066 or lomenzies@mt.gov.

ENVIRONMENTAL QUALITY COUNCIL

Council Elects Officers...The Environmental Quality Council (EQC) held its first meeting of the 2003-04 interim in Helena on June 16 and 17. Sen. Walter McNutt was elected as chair and Rep. Paul Clark was elected as vice chair for the interim.

"Water, Water, Every Where"...After discussing the proposed work plan, the EQC decided to devote a significant portion of its time this interim to water quality and water quantity issues. The Legislative Council has requested that the EQC conduct several water-related studies contained in resolutions adopted by the 2003 Legislature. They include a study of water storage, conservation, and utilization in Montana (HJR 4); a study of the water quality impacts from the Zortman and Landusky mine sites southwest of Malta (HJR 43); a study of water quantity and distribution agreements established by the Yellowstone River Compact (HJR 35); and a study of how the increase in the number of privately constructed recreation ponds may impact water rights in Montana (HJR 40).

Other water issues of concern to the EQC include the state's efforts to develop total maximum daily load (TMDL) determinations and the storage and disposal of water resulting from coal bed methane development.

Lt. Gov. Karl Ohs reported on drought conditions in Montana. He said that the drought situation may be best described as "cautiously optimistic" but certainly more encouraging than it has been in recent years. Currently, only portions of Beaverhead County have not experienced the drought relief that has occurred in most other areas of the state. Sue Higgins described activities and projects underway at the Montana Water Center in Bozeman. The center helps fund research on water problems in Montana and has an informative website at <http://water.montana.edu/mwc/default.htm>.

The Council also established a subcommittee on agency oversight and an energy working group. A more detailed interim work plan will be developed by staff and the EQC leadership prior to the next meeting.

Next Meeting in October...The EQC is scheduled to meet in Helena on Oct. 8 and 9. Information about the interim activities of the EQC including agendas, meeting minutes, reports, and other interim work is available on the EQC website at <http://www.leg.mt.gov/css/lepo> or by contacting the EQC office at (406) 444-3742 or mtheisen@mt.gov.

LEGISLATIVE FINANCE COMMITTEE

Committee Holds First Meeting of the Interim...The Legislative Finance Committee (LFC) held its first meeting of the 2003-04 interim on June 20. In the morning, the LFC met jointly with the Revenue and Transportation Committee to review the 2005 fiscal report and the status of the state general fund and to discuss the financial and tax implications for Montana of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003. The various reports presented at the meeting can be found at <http://leg.mt.gov/css/fiscal> on the Legislative Fiscal Division (LFD) website. For further information, check out the LFD website or contact Clayton Schenck at cschenck@mt.gov or at (406) 444-2986.

Fiscal Report Released ...The *Legislative Fiscal Report: 2005 Biennium* was presented at the June 20 meeting. *Volume 1-- Statewide Perspectives*, which summarizes the 2005 budget and other fiscal actions, has been distributed to every legislator. *Volume 2--Revenue Estimates*, and *Volumes 3 and 4--Agency Budgets*, are available to legislators upon request. State agencies received copies to assist them in managing their budgets. A limited number of copies are available to other parties at the cost of printing. In addition, the full report can be found on the LFD website.

FY 2003 General Fund Status Report...Based on SABHRS information as of June 19 and conversations with appropriate state agency representatives, total general fund revenues are expected to be below the HJR 2 revenue estimate for fiscal year 2003 by \$4.3 million. In addition, excess U.S. mineral royalty revenue that must be returned to eligible counties will further reduce the general fund balance by about \$2.4 million for a total reduction of about \$6.7 million. The projected ending general fund balance for fiscal year 2003 would be reduced from \$16.5 million to \$9.8 million assuming that all appropriations and transfers are expended as budgeted. That reduction may be mitigated if, as the budget director has indicated, protested property tax payments are transferred to the general fund in fiscal year 2003. Senate Bill No. 294, passed by the 58th Legislature, authorizes the transfer of the state's share of protested taxes on centrally assessed property from the local protest fund to the state general fund. The bill was effective on passage and approval. The legislature assumed the transfers would occur in the 2005 biennium.

Montana's economy continues to show strength when measured by income growth. However, Montana's general fund revenues are extremely sensitive to many other factors such as corporate profitability, prevailing interest rates, capital gains or losses, energy prices, and federal tax changes. If the Federal Reserve reduces interest rates further, as speculated by many economists, reduced investment earnings and individual income taxes would impact state general fund revenue collections. (Editor's note: on June 25, the Fed reduced the federal funds rate from 1.25% to 1%.) In the longer-term, reduced interest rates should eventually stimulate economic growth.

The potential for the phaseout of the business equipment tax rate from 3% to zero has a high probability. While the state fiscal impact in the 2005 biennium would be

relatively small, the impacts of the phaseout in subsequent biennia would be substantial. The 59th Legislature would be faced with a significant fiscal issue that would impact local governments, public schools, and state government. For further information, contact Terry Johnson at tjohnson@mt.gov or at (406) 444-2986.

Federal Financial Assistance for the State...The committee was presented information regarding the estimated \$73 million in federal funds that are being made available to the state through the federal Jobs and Growth Tax Relief Reconciliation Act. There are two components to these grants: 1) flexible distributions and 2) Federal Medical Assistance Percentage (FMAP). For the current federal fiscal year, the governor has requested \$25 million of the flexible distribution. Another \$25 million will be available for request during federal fiscal year 2004 (Oct. 1, 2003, through Sept. 30, 2004). The federal act requires that the flexible distribution be used to provide essential services or to cover the costs of unfunded federal mandates. The funds can only be used for expenditures "permitted under the most recently approved budget for the state," meaning it cannot be used to fund new programs not already funded. While the Legislature in a special session would have more options for the use of the funds (including placing them in a general fund reserve by increasing federal funds and reducing general fund appropriations), the governor has more limited authority to use the funds under the budget amendment statutes, which require that the funds must be used for increased services.

The FMAP amount, estimated at \$23 million, shows up in an allowed increase in the matching rate of federal funds for state Medicaid costs. The report can be found on the LFD website. For additional information or a copy of the report, contact Taryn Purdy at tpurdy@mt.gov or at (406) 444-2986.

Impacts of Federal Tax Law Changes...Impacts to Montana have not been determined yet but it is expected that there will be positive and negative impacts from the various components of the federal tax legislation. Most of the provisions are temporary and with a few exceptions are effective Dec. 31, 2002. A full analysis is underway. The main components of the legislation are acceleration of the increase in the child credit, acceleration of marriage penalty relief, acceleration of reductions in individual income tax rates, capital gains and dividend tax relief for individuals, and growth incentives for business. A preliminary estimate indicates that the impact of the federal tax law changes on Montana revenue collections will be neutral in fiscal year 2004, but will result in a slight increase in revenue in fiscal year 2005. For further information, contact Terry Johnson at tjohnson@mt.gov or Cathy Duncan at cduncan@mt.gov, or either at 406-444-2986.

Election of Officers...Rep. Gary Forrester was elected as chair of the Legislative Finance Committee for the next two years. Sen. Keith Bales was elected as vice chair and Rep. John Brueggeman as secretary.

LFC Oversight Over Information Technology Management...LFD staff and Brian Wolf, the chief information officer for the state, reminded the LFC of its oversight role for

information technology. Wolf talked about how his office and the committee could work to satisfy these requirements during the interim.

The 2003-04 Interim Work Plan for the LFD...The LFC approved four projects for the LFD to pursue during the interim. The focus of the projects is on the state budget. The first priority is program reviews and evaluating program priorities to better position the LFD analysts to assist the Legislature. The second priority is to look at the state budget process and educate committee members and others on the current process and methods for developing the state budget. The third priority is to examine the state government budget model to develop an understanding of the factors that cause growth in expenditures and changes in revenues, determine if state revenues adequately support state expenditures, and explore ways to ensure that there is a balance between the two. The fourth priority is to re-examine budgeting of personal services, and consider options for improving this critical aspect of the budgeting process. These projects would be in addition to many other tasks that must be performed by the LFD staff.

LEGISLATIVE REFERENCE CENTER

Legislators, remember that your legislative library has all the right ingredients to help you with your research needs.

- 1 cup literature searching capabilities
- 2 cups state statute/uniform statute/bill searching
- 3/4 cup Internet searching skills
- 1/2 cup National Conference of State Legislatures searching capabilities
- 1/2 cup legal research (case law or article searching)
- 1 tbs. of books in library collection searching
- 1 tsp. of indexed article searching
- 1 tsp. of newspaper clips searching
- A dash of current awareness searching
- A pinch of Montana history
- Sprinkle with librarian good cheer

Cook for one hour, and you've got one happy legislator! For research assistance, please call Legislative Librarian Lisa Mecklenberg Jackson at (406) 444-2957 or send e-mail an to ljackson@mt.gov

LEGISLATIVE AUDIT COMMITTEE

Audit Division Meets in June...The Legislative Audit Committee met June 17. Legislative Audit Division staff presented the following financial and performance reports:

FINANCIAL COMPLIANCE AUDITS

Department of Justice (03-18)...The Legislative Audit Division performed a financial-compliance audit of the Department of Justice for the fiscal year ended June 30, 2002. The previous audit report contained eight recommendations. The department implemented seven of the recommendations and partially implemented the other.

The current audit report contains seven recommendations and two disclosure issues. The issues discussed in the report include noncompliance with state and federal laws and regulations related to federal cash management, Youth Justice Advisory Council operations, Highway Patrol Retirement System contributions, Legal Services Division personal services, cash controls, and revenue accruals. The disclosure issues address Internal Service Fund fees not being commensurate with cost and recreational vehicle registration fees.

The LAD issued an unqualified opinion on the financial schedules contained in this report. The opinion means that the reader can rely on the presented financial information and the supporting data on the state's accounting records.

Department of Administration (03-15)...This report documents the results of the financial-compliance audit of the Department of Administration for the fiscal year ended June 30, 2002. The previous audit report contained 12 recommendations. The department implemented six recommendations, partially implemented three recommendations, and did not implement three recommendations.

The current audit report contains eight recommendations addressing various functions of the department. The first three recommendations deal with department Internal Service Funds, compliance with working capital requirements, actuarial soundness of the state's employee health insurance program, and loss reserves and rates for the state's tort claim and risk management fund. The next three recommendations relate to the department's treasury unit cash reconciliation function and ways in which the reconciliation could be improved. The final two recommendations relate to the department's compliance with state laws and state accounting policy.

The LAD issued an unqualified opinion on the financial schedules contained in this report. The opinion means that the reader may rely on the presented financial information and the supporting data on the state's accounting records.

Montana Water Pollution Control and Drinking Water State Revolving Fund Programs, Department of Environmental Quality, Department of Natural Resources and Conservation (02SP-81)...The Legislative Audit Division performed a financial audit of the Montana Water Pollution Control and Drinking Water State Revolving Fund

Programs for the fiscal year ended June 30, 2002. The report contains the audited financial statements and accompanying notes for fiscal year 2001-02. The LAD issued an unqualified opinion on the financial statements. The opinion means the reader may rely on the financial statement information presented.

PERFORMANCE AUDITS

Noxious Weed Management on State Land (02P-12)...The performance audit included:

- a review of noxious weed activities of five state agencies: Department of Natural Resources and Conservation, Montana Department of Transportation, Department of Corrections, Fish, Wildlife and Parks, and the University System;
- assessments by district weed coordinators of 150 parcels of state land in 20 counties; and
- a survey of 154 lessees of state agricultural and grazing lands.

The performance audit recommended that:

- the Montana Department of Agriculture improve biennial weed reports submitted by weed districts and state agencies to provide an assessment of effectiveness; and
- the DNRC review alternatives for grazing lease weed management incentives, establish a process for monitoring significant infestations, establish weed management enforcement options, and identify projects warranting department involvement.

Highway and Bridge Construction Contract Claims Process (02P-11)...A performance audit of the contract claims process was requested by the Montana Department of Transportation (MDT) and approved by the Legislative Audit Committee. Contract claims is the term used to refer to the process for handling disputes between contractors and district staff in performance of a construction contract. Overall, the report noted that the number of contract claims is limited but they can have significant financial impacts on individual construction projects. The report also noted consistency and timeliness issues in MDT's process to resolve claim issues. Several recommendations were made to improve the claims process. These included improving management information related to claims activity, providing training to department staff regarding claims administration, and establishing a quality control process over the claims process. The report also recommended that the department eliminate repetitive steps in the claim process and focus on early negotiations with contractors to resolve claims issues. The review also found the department's Board of Contract Appeals works as intended, but timelines should be established to ensure that the board reviews claims in a timely manner. The department also needs to determine whether placing bid documents in escrow adds value to the claims review process. If it does not, the requirement that contractors provide the information should be eliminated. If it does add

value, procedures should be established to ensure that contractors have provided all required information.

Nursing Home Surveys, Certification Bureau, Quality Assurance Division, Department of Public Health and Human Services (01P-13)...The Department of Public Health and Human Services is required by federal regulations to annually survey each nursing home that participates in the Medicaid or Medicare programs. These surveys ensure that nursing homes meet federal criteria for providing care and services to persons receiving Medicaid and Medicare assistance. The audit report concluded that:

- the survey process provides critical oversight of nursing home care and services;
- Certification Bureau surveys do not duplicate inspection activities conducted by the Licensure Bureau, which is responsible for verifying nursing homes meet state licensure requirements;
- Certification Bureau surveyors meet federal qualifications and have experience in the health care fields;
- Certification Bureau Life Safety surveys do not duplicate inspections by state or local fire officials.

The audit report identified five areas for improving Certification Bureau survey activities and recommended that the Certification Bureau:

- modify practices to improve recruitment and retention of qualified survey personnel;
- develop an automated management information system to improve its ability to schedule and assign personnel to surveys;
- improve its quality assurance program;
- implement practices to ensure deficiency citations are based only on prescribed rules or laws rather than guidelines; and
- improve its communication and coordination with nursing home managers.

Montana's Sexual or Violent Offender Registration Program, Department of Justice, Division of Criminal Investigation (03P-05)...The Sexual or Violent Offender Registry (registry) is managed by the Division of Criminal Investigation within the Department of Justice (DOJ). Sexual and violent offenders are required to register with their local law enforcement agency. Law enforcement agencies submit registration information to the registry, which maintains the information in a DOJ database. Offender information is available to criminal justice system personnel through the Montana Criminal Justice Information Network. The public can also obtain name, address, and conviction information about registered offenders, as well as photographs of high-risk sexual offenders from the DOJ Sexual or Violent Offender Registry website. Although the audit report concluded that most sexual and violent offenders are registered, some offenders fail to keep the registry informed of address changes. The report identified several areas in which the DOJ can enhance enforcement of registration requirements. Areas for improvement included:

- modifying the registry to flag offenders who fail to return address verification letters;
- improving law enforcement access to registry information;
- developing procedures to obtain fingerprint information on sexual offenders convicted in other states to assure these offenders are entered into the national sexual offender registry; and
- requesting legislation to clarify that local law enforcement agencies are solely responsible for registering sexual or violent offenders.

Committee to Meet in December...The next Legislative Audit Committee meeting is tentatively scheduled for some time in December 2003.

ENERGY AND TELECOMMUNICATIONS COMMITTEE

New Committee Off and Running...The new Energy and Telecommunications Committee met June 13. Rep. Alan Olson was elected as chair and Sen. Emily Stonington was elected as vice chair.

Bob Rowe, chairman of the Public Service Commission, John Fitzpatrick of NorthWestern Energy, and John Hines, Northwest Power Planning Council member, presented their perspectives on current energy and telecommunications policy issues.

Natural Gas Prices and Rates...Bob Rowe identified several factors that contribute to rising natural gas prices: declining natural gas production; increased demand for natural gas, especially for electricity generation; and decreased natural gas in storage. (Utilities purchase and store gas when wholesale prices are low for use when prices are higher.) NorthWestern Energy has requested a 45% increase in natural gas rates and a change to a monthly tracking period. The PSC intends to host a roundtable on natural gas issues in mid-September. Rowe and Fitzpatrick reviewed natural gas rate statistics.

Electricity...Rowe described a variety of factors that affect residential energy bills. He said that rate increase filings are anticipated. (NorthWestern filed for a rate increase three days after the committee's meeting.) Hines noted the potential to minimize energy bills with energy efficiency measures. Rowe and Hines discussed the status of and concerns with the Federal Energy Regulatory Commission's standard market design proposals. The PSC intends to continue to host electricity forums that will address the implementation of HB 509 (generally revises laws related to electrical energy and default supply of electricity), SB 247 (establishes a default electricity supply procurement process), and other topics.

Telecommunications...The PSC is investigating the reasonableness of Qwest's retail rates. Rowe described several other commission activities related to telecommunications services.

NorthWestern Energy...John Fitzpatrick described the circumstances that led to NorthWestern Energy's troubled financial situation. He noted that the company is trying to sell assets in order to pay down its debt. Rowe described the elements of an order related to NorthWestern's financial condition that was issued by the PSC in January 2003.

Interim Work Planned...Committee members identified several topics to study during the interim including: the default supplier of electricity, energy efficiency, and universal system benefit charges and programs. The committee will monitor NorthWestern Energy's financial condition, natural gas rates, procurement for the default supply of electricity, and transmission issues. Meeting agendas will also include briefings on various energy projects around the state.

Next Meeting...The Energy and Telecommunications Committee will meet Sept. 17 and 18 in Helena.

Want to Know More?...Contact Mary Vandenbosch at (406) 444-5367 or mvandenbosch@mt.gov for more information or to be added to the mailing list. Agendas, memos, links and other noteworthy information can be found on the committee's website: http://leg.mt.gov/css/committees/interim/2003_2004/energy_telecom/default.asp.

ECONOMIC AFFAIRS COMMITTEE

Committee Organizes in June...At the first meeting of the Economic Affairs Committee on June 11, members elected Rep. Joe McKenney as the presiding officer and Sen. Glenn Roush as vice presiding officer. The committee also set an interim meeting schedule that features:

- the SJR 17 study of workers' compensation simplification; and
- informational sessions on a variety of topics related to economic development, livestock, and agriculture in Montana.

Agency Reports...The committee heard reports from Mark Simonich, director of the Department of Commerce, and Dave Gibson, chief business officer in the Governor's Office of Economic Development.

Simonich discussed implementation of HB 76, which creates an economic development advisory council. Membership on the council includes public members representing regional development corporations, which were defined in the bill. Simonich pointed out that existing economic development organizations are expected to competitively decide which organizations will take the lead as certified regional development corporations and in which regions. He said that local input and ensuring statewide coverage will be important factors in determining which 12 corporations become certified and eligible for assistance grants.

Gibson briefed the committee on the economic cluster strategies discussed at a statewide economic summit in Billings earlier this year. More information is available at <http://bizmt.com/mtadvantage/stclusters.asp>. Gibson reported on a FutureGen project that is valued at more than \$1 billion. The proposal would use coal resources in a hydrogen energy generation plant that would have no air polluting emissions. He told the committee that Montana's chance of landing the project was a "long shot" but that all potential applicants were probably "long shots" at this time. Gov. Judy Martz submitted a letter on June 12 to the U.S. Department of Energy expressing Montana's interest in being a site for the project.

Committee Begins Workers' Compensation Study... The committee began work on the SJR 17 study to simplify workers' compensation and occupational disease statutes. The committee heard from the Department of Labor and Industry; representatives of self-insurers, private insurers, and Montana State Fund; the Montana State AFL-CIO; and the Montana Trial Lawyers Association. Other interested parties provided written comments. The committee directed staff to meet with the various groups to decide which sections of workers' compensation and occupational disease statutes are most problematic or most in need of clarification. The groups will report back at the committee's next meeting.

The committee adopted a meeting schedule that is posted under "Full Schedule" at http://leg.mt.gov/css/committees/interim/2003_2004/econ_affairs/default.asp.

October Meeting Scheduled... The committee is scheduled to meet Oct. 23 and 24. In addition to the workers' compensation study, the committee will also discuss a variety of topics related to economic development, including the university system's involvement in economic development, workforce training, venture capital, clustering of businesses, and business recruitment.

If you would like to be notified about the activities of the Economic Affairs Committee, contact Pat Murdo, committee staff, at (406) 444-9280 or e-mail her at pmurdo@mt.gov.

REVENUE AND TRANSPORTATION COMMITTEE

First and Ten... How to handle a federal government "gift" of \$73 million dominated much of the discussion when the Revenue and Transportation Committee met jointly with the Legislative Finance Committee to kick off the 2003-04 interim on June 20. But the \$73 million elephant in the room had to wait until Terry Johnson, principal fiscal analyst with the Legislative Fiscal Division, completed his report to the two committees on the status of the general fund. (See p. 3 for coverage of the joint meeting.) The committee spent its afternoon handling administrative tasks and hearing from the Department of Transportation (MDT) and the Department of Revenue (DOR)

on a variety of subjects, including the highway state special revenue account and the replacement of the Department of Revenue's POINTS computer system.

Shortly after convening on its own Friday afternoon, the committee unanimously chose Sen. Bob Story to serve as chair and Rep. Eileen Carney to serve as vice chair before hearing from the executive branch agencies that the committee is assigned to monitor.

Highway Safety, Right-of-Way, and Cash American... Jim Currie, MDT deputy director, said that MDT and the Federal Highway Administration will be making highway safety and reduction of accidents a priority over the next couple years. Currie reported that Montana sees 2.3 accidents per million miles traveled, with an economic impact in 2001 of \$648 million when wage loss, medical expenses, insurance administration, and property damage are considered. As a result of its efforts, MDT hopes to reduce the accident rate to 1 accident per million miles traveled. Currie suggested that MDT's highway safety projects be a regular agenda item at each committee meeting and reminded members that because the 2003 Legislature did not pass legislation prohibiting open containers of alcohol in motor vehicles, the federal government will be requiring the redirection of funds from highway maintenance and construction to highway safety and hazard elimination. Highway safety projects are not limited to billboards and public service announcements but may include slope flattening, installing guardrails, straightening dangerous curves, and adding rumble strips.

The 2003 Legislature did pass a bill (Senate Bill No. 37 - Sen. Barkus) intended to assist MDT in the timely acquisition of right-of-way for construction projects under certain circumstances. Currie told the committee that MDT is taking a cautious approach in implementing the provisions of SB 37, using it only for projects that can be funded immediately and that are ready to be let.

Currie said that gas tax and diesel tax collections, the two largest sources of revenue for the highway state special revenue account, amounted to \$127.1 million and \$58.2 million, respectively in FY 2003. Other sources of revenue for the account include GVW fees and the recovery of indirect costs from contracts. Expenditures include MDT general operations, state funded construction, highway maintenance, motor carrier services, payments to local governments (a statutory appropriation), the Department of Justice's Motor Vehicle Division, and the Department of Fish, Wildlife, and Parks. The ending working capital balance is expected to be \$39 million in FY 2003, \$20.3 million in FY 2004, and \$6.8 million in FY 2005. Currie noted that the fund has historically been structurally imbalanced but he assured the committee that there are several tools at MDT's disposal to keep it solvent, stressing that no increase in the gas tax or diesel tax is being contemplated.

Out with the Old, In with the New... Linda Francis, DOR director, focused her comments on DOR's efforts to replace the chronically-ailing and nearly-defunct POINTS computer system with the Integrated Revenue Information System (IRIS). With the assistance of the state's chief information officer, Brian Wolf, DOR plans "rigorous oversight" over the contract with the vendor that is chosen to develop IRIS. Francis said the Request for Proposals (RFP), issued on June 13, specifies that the vendor will be

paid only upon delivery of functioning phases of the project and there will be no monthly progress payments.

Francis reported that as it continues to limp along, POINTS operation is costing \$412,000 per month with 48 people assigned to tend to it. Tests of data also indicate that the system is actually corrupting accurate data. Steps being taken toward improving the situation include:

- reorganizing some functions within DOR so that technology users are integrated with business users;
- hiring a new project manager who will review staff assignments to POINTS;
- contracting with Oracle for independent data integrity testing; and
- requesting vendors through the RFP who can offer a "proven off-the-shelf product."

Mundane Matters...Before adjourning, the committee adopted a work plan and approved a meeting schedule for the interim. This information is available on the legislative branch website at <http://www.leg.mt.gov/css/default.asp> by following the "Committees" links. If you would rather type than click, the committee's website is at http://www.leg.mt.gov/css/committees/interim/2003_2004/rev_trans/default.asp.

In addition to Story and Carney, committee members include Sens. Greg Barkus, Jerry Black, Vicki Cocchiarella, Jon Ellingson, and Ken Toole and Reps. Joe Balyeat, Ron Devlin, Christine Kaufmann, Karl Waitschies, and Bill Wilson.

The Loop is Still Open...For more information about the committee, its work plan, or future agendas, please visit the website or contact Jeff Martin at (406) 444-3064 or via e-mail at jmartin@mt.gov or Leanne Kurtz at (406) 444-3064 or via e-mail at lekurtz@mt.gov.

LAW AND JUSTICE COMMITTEE

Meeting Scheduled for Early August...The first meeting of the Law and Justice Committee will be on Tuesday, Aug. 5, 2003, in Room 102 of the state Capitol. Details about the meeting, including meeting time and agenda, will be posted to the committee website (accessible from <http://www.leg.mt.gov/css/default.asp>) as soon as that information is available. The agenda and meeting notice will also be mailed or e-mailed to persons on the committee's mailing list. To be placed on the mailing list, please contact the Legislative Services Division at (406) 444-3064.

Presiding officers of the committee will be elected at the meeting. In the meantime, Sen. Duane Grimes, as the senior senator of the committee, will be the acting presiding officer.

Committee Duties and Responsibilities The Law and Justice Committee is 12-member bipartisan interim committee of the state Legislature. The committee is

responsible for monitoring programs and policies carried out by the Department of Corrections and the Department of Justice. Monitoring duties include:

- reviewing the agency's proposed administrative rules;
- reviewing and requesting legislation proposed by the agency's; and
- monitoring agency programs with respect to legislative appropriations and policy intent.

The committee also acts as the Legislature's primary liaison with the judicial branch and conducts legislatively requested studies assigned by the Legislative Council. The committee has been assigned to conduct the SJR 31 study of juvenile probation and the juvenile justice system.

For more information, contact Sheri Heffelfinger at (406) 444-3596 or sheffelfinger@mt.gov.

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TELEVISION MONTANA: PULLING AWAY FOR THE PUSH AHEAD

By Stephen Maly, Legislative Research Analyst

TVMT RATINGS ARE UP

It would be a bit over the top to assert that the members of the House and Senate constitute a shimmering constellation of one hundred and fifty TV stars. However, a good number of lawmakers looked good and sounded good, just being themselves and speaking their hearts and minds over the course of 89 difficult days during the 2003 legislative session. More important, they made a positive impression on a lot of Montana citizens who are not inclined to think favorably about politicians of any stripe in any season. Prime example: a railroad worker holed up in a Helena hotel between shifts confessed to a member of the TVMT production crew that he had never realized, before tuning into Helena Civic Television, that state legislators work incredibly hard and are "actually trying their best to do the right thing."

TVMT was the surprise hit of the season on local public TV. There aren't any hard numbers or even soft data to go by, but healthy doses of anecdotal evidence comport with my gut feeling that people actually get hooked on gavel-to-gavel coverage of government proceedings, especially if the consequences of the deliberations could have a direct influence on their business, family, or quality of life. Surprising as it may be to many of us who work day in and day out within state government, others are actually attracted to its rules and rituals, processes and procedures. It's even possible--although even an overzealous TVMT producer would not attempt to prove it--that live coverage of the 2003 Legislature edged out the so-called "reality television" shows on the commercial networks during some of those floor sessions in February and April that kept going and going and going.

The TVMT master control room was a beehive of activity from day one to the end of the session. The production crew covered approximately 1200 hours of legislative proceedings, and produced over 50 hours of compilation programs. Here's a partial itemization of the breadth and depth of effort:

- All House and Senate floor sessions were videotaped, and most were broadcast live or in delayed fashion on Helena Civic Television (cable Channel 11).
- Dozens of selected committee hearings were covered, including many in the Old Supreme Court Chamber (examples: HB 757, aka "Destination Montana"; and HB 758, which imposed a surcharge on video gambling machines and exempted gambling establishments from local smoking ordinances that are more restrictive than state law).

- The Video Minutes pilot project yielded verbatim records, in the form of video compact discs, of the proceedings of the House Taxation, Natural Resources, and Fish, Wildlife and Parks committees, and the Senate Taxation, Natural Resources, and Highways and Transportation committees.
- Staff made over 100 VHS copies at the request of legislators, lobbyists, and staff.
- TVMT used the closed circuit "Banner Channel" to show documentaries (for This and Future Generations); special events (Montana Arts Council awards ceremony); in-house productions (the House-Senate basketball game); and a variety of inspirational quotations and informative statistics.
- We produced 17 one-hour Legislative Digest programs which aired on Montana PBS on Friday evenings and were repeated on Sunday afternoons. The League of Women Voters, the Montana Association of Counties, and the Montana League of Cities and Towns jointly underwrote the production costs for this endeavor.
- TVMT also primed the pump for future full-time coverage outside Helena by producing 16 two-hour "Capitol Pulse" programs carried on AT&T's Big Sky Channel in Billings, Great Falls, Butte, Missoula, and Kalispell on Saturday and Sunday afternoons.
- With lots of help from Legislative Services Information Technology staff, we generated four channels of audio streaming to state government agencies and the University system from selected committee rooms and the House and Senate chambers.
- In the last month of the session, TVMT provided 2 channels of video streaming to the Internet for schools and other institutions across the state, via cooperative arrangements with the Office of Public Instruction, Vision Net, and the Department of Administration's Information Technology Services Division.

ABC News in Los Angeles purchased footage from TVMT (and put in an identifying plug for TVMT) on "World News Tonight" for a piece Peter Jennings delivered on June 10 about open container laws. Earlier in the session, C-Span as well as several commercial stations in Montana ran TVMT's production of the governor's State of the State address.

TAKING A HIT AND STRIDING AHEAD

The 2003 season also had its downside. "Unintended consequences" is an oft-repeated mantra of concern on both sides of the aisle in both the House and Senate. One of the results of this past session, and one that by almost all accounts was not intended, was a substantial reduction in funding for TVMT. While the loss of an estimated \$20,000

derived from lobbyist registration fees and unsuccessful attempts to make up the difference with general fund dollars won't cripple the project, the unexpected action prompted serious consideration of alternative ways to stay on track toward expanded coverage and statewide reach in 2005. The statutes that mandate a television and Internet broadcasting service for state government also provide for its partial privatization, by way of contracting with a qualified nonprofit corporation. Farming out more of the operation--especially in the realm of fund raising--may very well enhance rather than diminish the opportunity to expand the service to its proper and intended dimensions.

In the coming month, the Legislative Services Division will issue a Request for Proposals for the provision of limited coverage of interim committees, any special sessions, and a variety of technical services to ensure that the physical plant is shipshape and ready for action again in 2005. The best-qualified respondent will be awarded a contract that can be modified and renewed to provide for continuity in covering the 2005 legislative session and beyond. All of this is in keeping with HB 144, the enabling legislation passed in 2001, and will not compromise the Legislative Council's powers and responsibilities for oversight and general governance of the operation. Helena Civic Television, a local 501(c)(3) nonprofit that won the initial contract to cover the 2003 session, will bid for this business. Other qualified operators may do likewise. I hope this evolutionary step will prove to be a successful adaptation to fiscal and other conditions in the political climate of Montana, so that TVMT survives and thrives as a viable public-private partnership.

A REPRISE AND A REQUEST

TVMT is ramping up to statewide distribution in 2005. Notwithstanding the aforementioned funding setbacks and the astronomical costs associated with satellite uplinks and downstream connections, the project is moving forward. Reaching resident viewers in the capital city was a significant leap forward, but it's not enough. The recently compiled results from the Legislative Services Division Legislators Questionnaire 2003 indicate strong desire on the part of most respondents that gavel-to-gavel coverage be made available to citizens all across the state. This is a tall order, a steep climb, requiring technical assistance and financial help. Therefore, the TVMT production team will be seeking advice from the Legislative Council, and additional contributions from lobbyists, private foundations, constituency groups, the Governor's Office, various executive branch agencies, and the judiciary. Federal grant opportunities in the rural telecommunications arena will also be explored.

TVMT needs legislators' enthusiastic endorsement. With or without adequate taxpayer funding, this enterprise requires moral support in the form of letters of recommendation, letters to the editor, and formal and informal testimonials to constituency groups, service clubs, chambers of commerce, and philanthropic organizations. It is clear from the experience I had during the 2003 session that not everybody in the legislature is a fan of televised proceedings; however, this same experience proved that an overwhelming majority in both the House and Senate accept and appreciate that opening the

legislative process to the public in this fashion is a step toward "digital democracy," wherein citizens participate more fully in the exercise of crafting and amending the laws of the land.

In a number of other states, and now in Montana, unfiltered television is acknowledged as a powerful instrument for improving both the tenor of debate and the level of respect citizens have for the citizen legislature as an institution. The underlying ethos of TVMT is that television can transcend the physical distances and ideological differences that prevent citizens of the Treasure State from understanding one another, reasoning together, participating in policy debates, and solving common problems through legislative and other governmental processes. For all its ubiquity and popularity in America, television will always be a little bit suspect. We all know how much junk there is on the tube, and how it fuels junk food addictions and unhealthy habits of mind. And sound bite journalism makes us all crazy. Looking farther afield, it's apparent that television as a medium of political communication is often exploited for nefarious purposes. Dictatorships censor independent producers and use state-controlled TV as a weapon of mass psychosis. Happily, TVMT is worlds away from all that, and at the other end of the spectrum, where a well informed public is the basis for stable democracy.



INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED,
ALL ROOM DESIGNATIONS ARE IN THE CAPITOL BLDG.

JULY

No interim committee meetings scheduled

AUGUST

August 5, Law and Justice Committee, Capitol Building, Room 102

August 21, Education and Local Government Committee

August 22, Children, Families, Health, and Human Services Committee

August 27, State-Tribal Relations Committee